



AHK Kyiv:

Webinar - Taxation in Ukraine:

General information and administrative aspects

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Tax system

- Profit tax (no trade tax (GewSt))
- VAT
- Personal Income Tax (PIT):
 - employment
 - interests
 - dividends
 - capital gains
 - + special military tax
- Tax on real estate
 - For flat/house >60/120 sqm = approx. 2,5 € per sqm
- Transport tax
 - Approx. 500 € on cars <5 years + >approx. >63k €



Simplified taxation (replacing CPT + VAT (partially))

Group 1	<ul style="list-style-type: none"> Private Entrepreneurs B2C ; Revenue up to approximately 1.44 million UAH (167 * min. salary 8647 UAH) Tax rate 323 UAH (= max. 10% of the subsistence level) Special military tax 10% of the minimum salary (since 2025)
Group 2	<ul style="list-style-type: none"> Private Entrepreneurs B2C+B2B (Goods); Revenue up to approximately 7.21 million UAH (834 * min. salary) Tax rate 1730 UAH (= max. 20% of the minimum salary) Special military tax: 10% of the minimum salary (since 2025)
Group 3	<ul style="list-style-type: none"> Private and legal persons B2C+B2B Revenue up to approximately 10.1 million UAH (1167 * min. salary) Tax rate: 3% of revenue + VAT; 5% excluding VAT Special military tax 1% of income (since 2025)
Group 4	<ul style="list-style-type: none"> Sales revenue from agricultural production at least 75% Tax rate approximately 240 UAH per hectare Special military tax: 10% of the minimum salary (since 2025)

Double taxation agreement Germany - Ukraine

- **Based on the OECD Model Tax Convention:**
 - Principle: Taxation in the state of residence
 - Exception: Permanent establishment in the other contracting state
- **Withholding tax on dividends paid to Germany:**
 - 5% for shareholdings of $\geq 20\%$
 - 10% for shareholding $< 20\%$ (15% tax starting with 2027)
- **Withholding tax on interest from loans by German companies/individuals to Ukrainian companies:**
 - 5% (10% starting with 2027)

Fundamentals of Ukrainian accounting

- Ukrainian accounting standards (UA-GAAP) in effect since 1999.
- Financial statements can be prepared either according UA-GAAP or IFRS (since 2013)
- Since January 2015, profit tax returns base exclusively on financial statements
- In practice, however, tax law remains the primary focus: “**Form over Substance**”

Form over Substance

Examples:

- Fuel refills are first activated and only recorded as expenses according to the obligatory logbook.
- State-mandated chart of accounts
- Salary calculations vary in case of vacation, sick-leave, business trips (poryakok 100 + 1266)

Ukrainian accounting documents

Various documents are required for accounting purposes, which may take some getting used to for a Western European.

These include, among others:

- Service Confirmation Protocol ("Act")
- VAT certificate ("podatkova nakladna")
- Delivery note ("nakladna")

The invoice itself is an "invitation to pay" – **not a basic document for proper accounting.**

Practical result:

- Significantly higher number of bookings (due to booking on interim-accounts)
- Significantly more extensive documentation due to form over substance
- All documents to be signed by general director

Examples of incorrect accounting

- Recorded personnel expenses often do not correspond to the actual expenses.
- Mechanism for tax optimization: "External services"
- Proper accounting of bribes, e.g., in case of Building permits

Deadlines - Objection procedure

I. Administrative procedure

- a) Objection to the tax assessment notice must be submitted to the issuing authority **within 10 days** of receipt.
- b) Objection to the decision on the objection must be submitted to the supervisory authority **within 10 days** of receipt.

II. Legal proceedings

- I. First instance lawsuit*
 - **Within 10 days** directly against the tax assessment notice **or** 30 days against administrative appeal decision.
- II. Second instance lawsuit
 - **Within 30 Days** directly against the First instance decision.
- III. Third instance lawsuit
 - **Within 30 days**, directly against the Second instance decision.

* In the first instance, legal action can also be taken within 6 month of receiving the tax assessment notice; however corresponding tax debt must be paid in case 10-day period has expired.

Contact

- Outsourcing Accounting
- Compliance Checks / Forensic Accounting
- Financial Due Diligence
- M&A
- IFRS-Transfer
- Controlling
- Recruiting Financial Personell
- Interim-Management



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